



# North American Agent & Broker Merger & Acquisition Update 1<sup>st</sup> Quarter 2023

April 2023

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## 1<sup>st</sup> Quarter 2023 Agent M&A Report



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# Observations & Comments

No surprise that Q1 '23 M&A was lower than both Q4 '22 (down 45%) and Q1 '22 (down 17%).

Looking a little deeper yields some interesting insights. Of the 28 firms that reported at least 10 transactions in 2022:

- only 5 did more deals in Q1 '23 than Q4 '22 (BroadStreet Partners, Risk Strategies Company, Relation Insurance, Integrity Marketing Group, and NFP)
- only 9 did more in Q1 '23 than in Q1 '22 (separately, 9 were also above their 3-year Q1 average)
- Among those that pulled back, most notable were perennial deal-count leaders:
  - ❖ Acrisure (30 deals lower than Q4 '22, and 8 lower than Q1 '22)
  - ❖ PCF (5 lower than Q4 '22, and 25 lower than Q1 '22)

# Observations & Comments

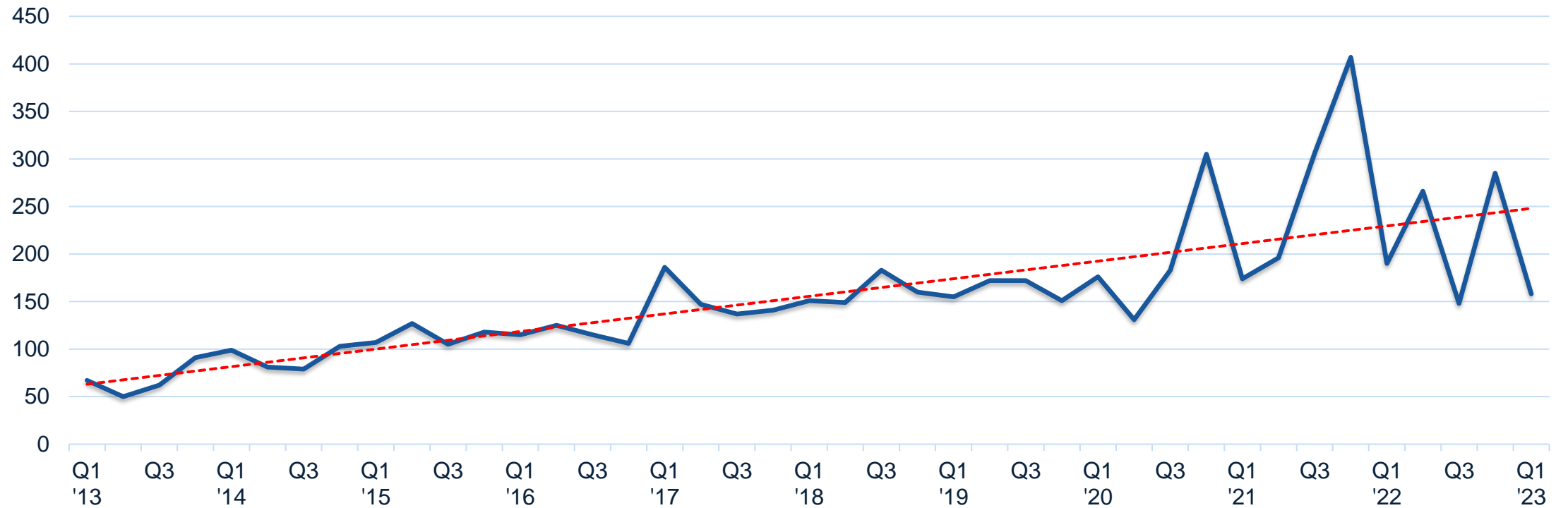
(continued)

- We're experiencing the other side of a nine-quarter deal bubble that began in Q4 '20. The current deal environment may have wavered some with the economic changes and looks anemic compared to the bubble, but there is plenty of evidence to suggest that M&A in the insurance distribution sector is reverting to longer-term historic average levels.
- There is still plenty of capital looking for investments, and that demand continues to meet up with a still-aging ownership base. That will buoy deal activity and possibly valuations to some degree as well. Thus, we expect to see that pre-bubble pace prior to 2020 to continue in 2023. Deal count should increase as we move through successive quarters, but we don't expect to see anything close to the thousand-deal years (plus/minus) of 2021-2022.

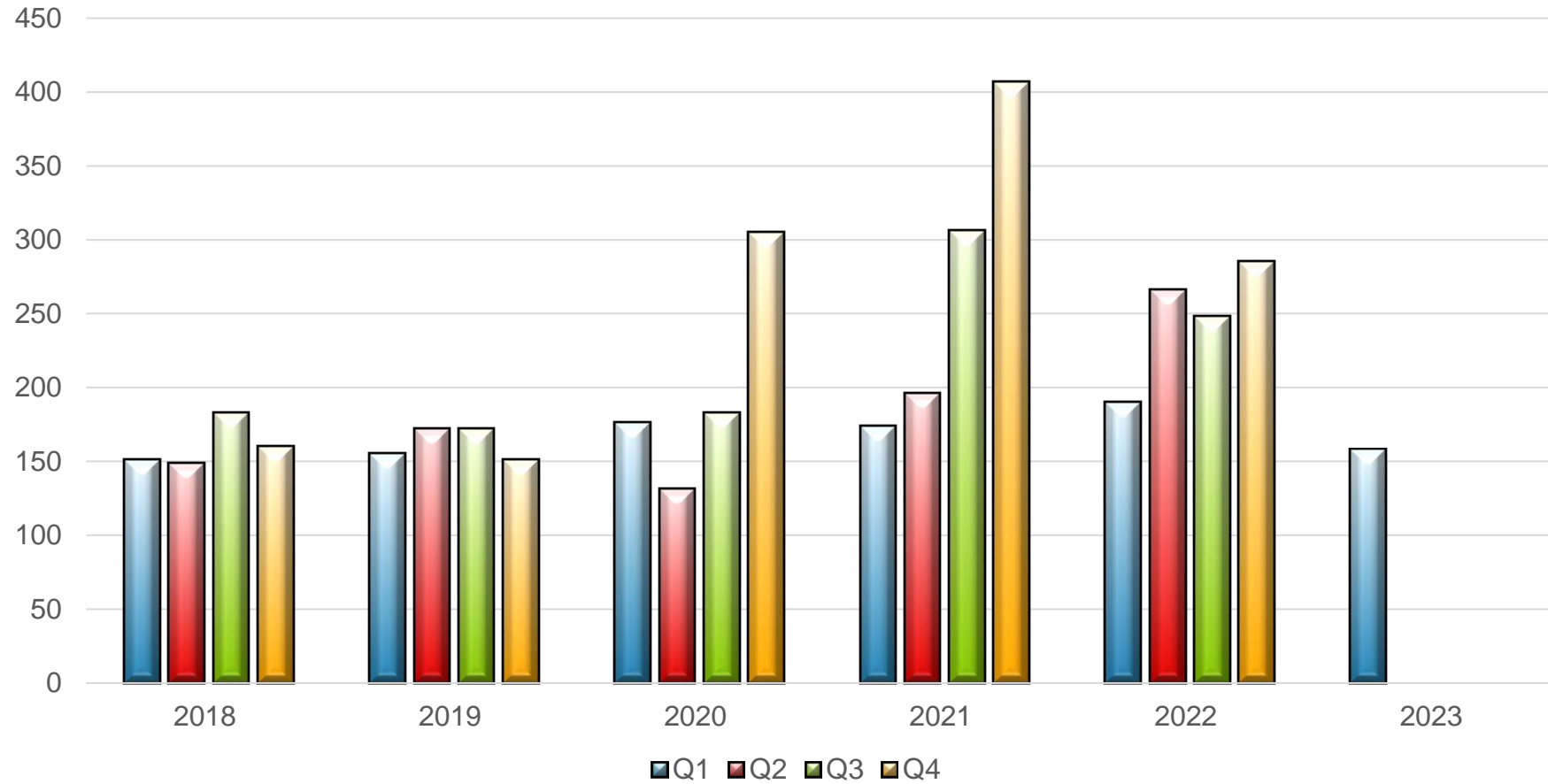
# Highlights of Q1 2023 M&A Activity

- 158 total transactions in Q1 '23, down 17% from 190 in Q1 '22
  - 143 retail, wholesale, and TPA transactions in Q1 '23, down 11% from 160 in Q1 '22
- BroadStreet Partners led all buyers with 14 deals in Q1 '23, up nearly 3 times from Q1 '22 and 171% over the prior 5-year average
- Following were Inszone Insurance Services and Hub International at 10 deals each in Q1 '23, down 2 deals and 4 deals, respectively. World Insurance followed at 9 transactions, tripling the number completed in the same period last year. Three of the top ten buyers did fewer deals in Q1 '23 than in Q1 '21
- Private Equity-Backed / Hybrid ("PE/Hybrid") buyers were responsible for 73% of all announced transactions in Q1 '23, down from 77% in Q1 '22
- Privately-owned buyers reported 32 transactions in Q1 '23, one more than in Q1 '22
- Publicly traded brokers reported 7 transactions in Q1 '23, no change of Q1 '22

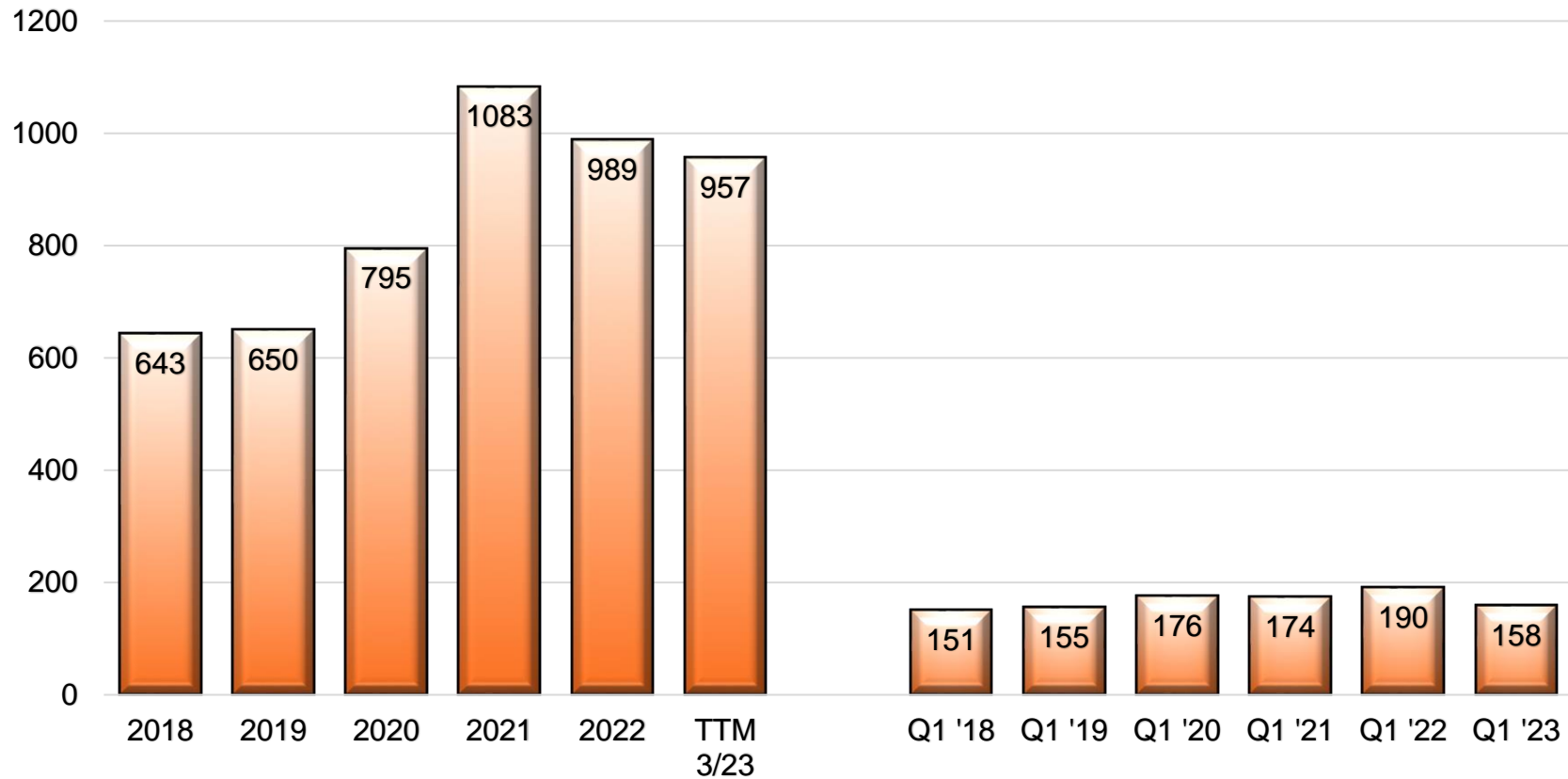
# Quarterly M&A Activity



# Quarterly M&A Activity



# Agency Acquisitions By Year and Quarter





## Most Active Buyers

# Active Acquirers With 5 or More Deals in Q1 2023

Buyer	Buyer Type	Q1 '18	Q1 '19	Q1 '20	Q1 '21	Q1 '22	Q1 '23
BroadStreet Partners	PE-Hybrid	7	9	16	12	5	14
Inszone Insurance Services	PE-Hybrid			4	2	12	10
Hub International	PE-Hybrid	13	12	17	13	14	10
World Insurance Associates	PE-Hybrid	3	5	4	6	3	9
Risk Strategies Company	PE-Hybrid	1	1	3	2	2	8
Keystone Agency Partners	PE-Hybrid				2	3	7
Gallagher	Public	6	12	6	4	4	7
Choice Financial Group	PE-Hybrid					1	6
Acrisure	PE-Hybrid	29	17	18	9	14	6
NFP	PE-Hybrid	6	1	1		4	5
Sub-total		65	57	69	50	62	82
All Others		86	98	107	124	128	76
<b>Totals for Year</b>		<b>151</b>	<b>155</b>	<b>176</b>	<b>174</b>	<b>190</b>	<b>158</b>

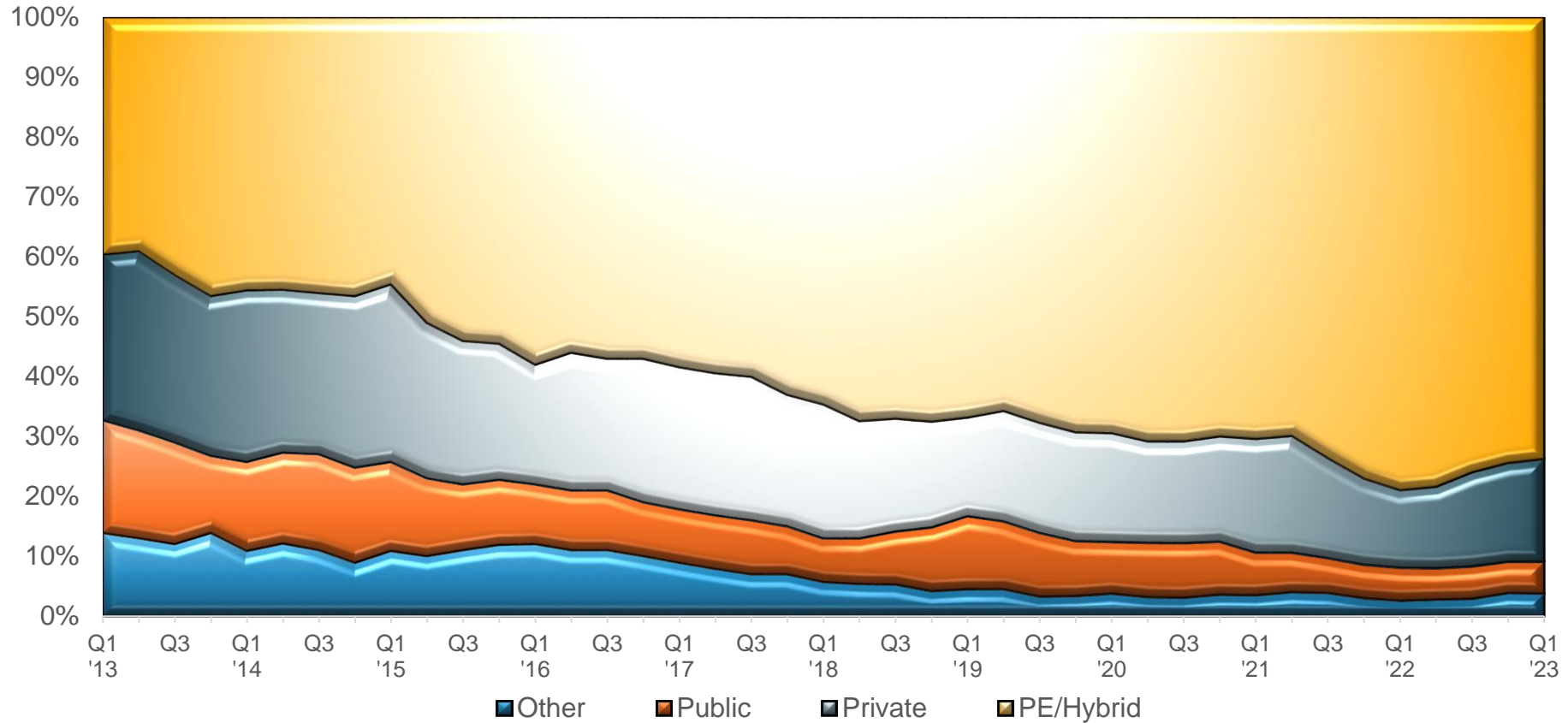
## Most Active Buyers

# Buyers With 20 or More Deals in Past 12 Months

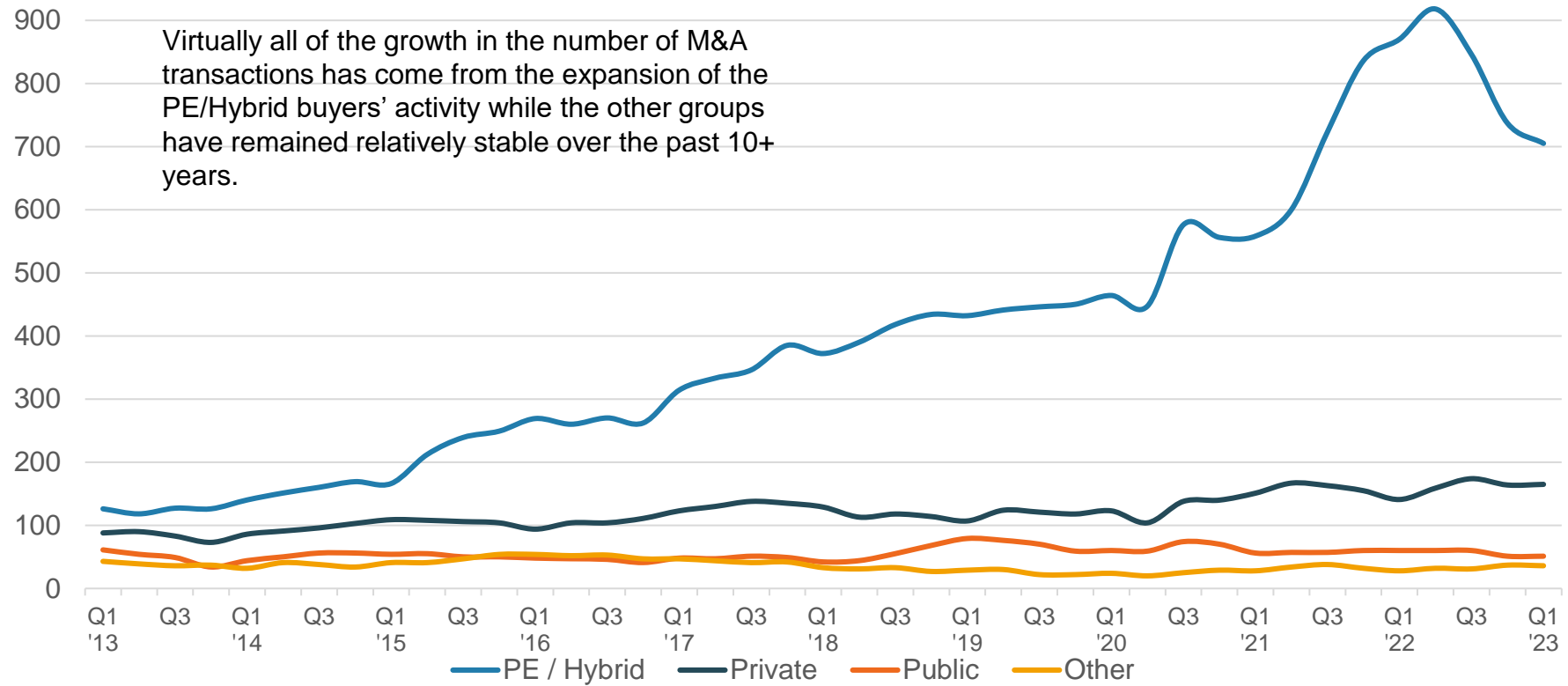
Buyer	Buyer Type	2018	2019	2020	2021	2022	TTM 3/23
Acrisure	PE-Hybrid	101	98	108	122	107	99
Hub International	PE-Hybrid	59	52	65	62	70	66
PCF Insurance	PE-Hybrid	4	4	36	99	71	46
World Insurance Associates	PE-Hybrid	9	18	42	53	39	45
BroadStreet Partners	PE-Hybrid	34	34	58	45	35	44
Inszone Insurance Services	PE-Hybrid	2	6	10	12	42	40
AssuredPartners	PE-Hybrid	38	44	38	52	33	36
High Street Partners	PE-Hybrid	1	3	9	71	44	36
Alera Group	PE-Hybrid	28	24	18	45	30	34
Keystone Agency Partners	PE-Hybrid	0	0	7	22	29	33
Liberty Company Insurance Brokers	PE-Hybrid	1	2	2	10	33	32
Risk Strategies Company	PE-Hybrid	10	22	18	24	23	29
Gallagher	Public	36	34	23	25	23	26
The Hilb Group	PE-Hybrid	12	25	22	27	24	24
Patriot Growth Insurance Services	PE-Hybrid	0	25	21	31	27	22
Sub-totals		335	391	477	700	630	612
All Others		308	258	317	383	359	345
<b>Totals for Year</b>		<b>643</b>	<b>649</b>	<b>794</b>	<b>1,083</b>	<b>989</b>	<b>957</b>

## Totals By Buyer / Seller Type

# Rolling 12-Month Activity by Buyer Type (% Total)

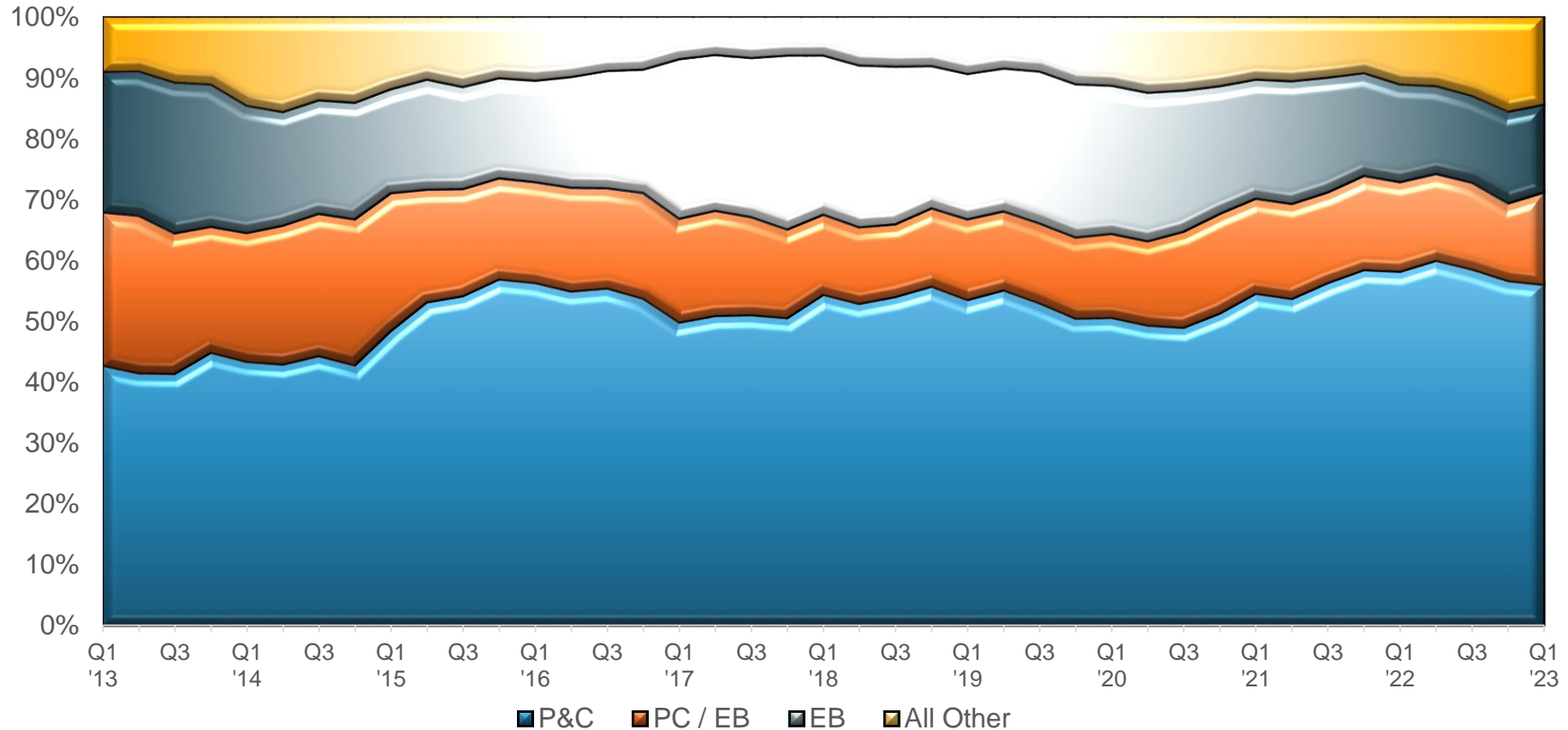


# Rolling 12-Month # Transaction by Buyer Type



## Totals By Buyer / Seller Type

# Rolling 12-Month Activity by Seller Type (% Total)



# Private Equity-backed Ownership Changes

Insurance Agency	Lead Buyer / Investor	Description	Date
Keystone Agency Partners (Harrisburg, PA)	Flexpoint Ford	Flexpoint Ford made a “significant preferred equity investment”	January 2023

# OPTIS PARTNERS



## Connect with us:

Tim Cunningham

312-235-0081

[cunningham@optisins.com](mailto:cunningham@optisins.com)

Website:

Dan Menzer

630-520-0490

[menzer@optisins.com](mailto:menzer@optisins.com)

[www.optisins.com](http://www.optisins.com)

Steve Germundson

612-718-0598

[germundson@optisins.com](mailto:germundson@optisins.com)